

PX 35

Message

From: Patrick Griffin [REDACTED]@ripple.com]
Sent: 6/1/2013 12:37:31 PM
To: [REDACTED]
Subject: Fwd: Met at bitcoin conference

Patrick Griffin
EVP Business Development
OpenCoin, Inc.

[REDACTED]@ripple.com

Begin forwarded message:

From: [REDACTED]
Subject: Re: Met at bitcoin conference
Date: May 21, 2013 11:42:31 PM PDT
To: [REDACTED]
Cc: Jed McCaleb [REDACTED]@ripple.com>, Patrick Griffin [REDACTED]@ripple.com>

Hey [REDACTED]

(CC'ing some colleagues who might find our discussion about Ripple forks interesting.)

IMO, the only way to possibly counter this kind of fork is to hide the XRP owned by OpenCoin and masquerade ownership to look like recipients of XRP giveaway/sales.

I don't think it's feasible to convincingly fake giveaways and subsequent transaction activity on a public ledger. Consider that market activity is sentient, chaotic and highly interconnected. The ledger is public and can be scrutinized at any time. Any sneakiness on our part would be far more likely to destroy trust in the network than to help it in any way.

There is an explicit market incentive in Ripple for activists to invalidate the XRP that is owned by OpenCoin.

True, however there is no market incentive for end users to use the forked network. To the same extent that the activists will be giving away XRP more freely, they will be worth less. OpenCoin on the other hand will be in a position to maximize XRP's value not only via giveaways to miners, but developers, end users and strategic partners as well. In addition, it will be able to sell some XRP and spend the proceeds on everything from QA and design to business development.

A properly incentivized, moderately intelligent group of people freely deciding how and when to

give away XRP provides a much greater value to the network per XRP created than a homogenous giveaway like mining. There are diminishing returns for each distinct use of the initial XRP, so just being able to have a lot of different ones matters a great deal. The benefits far outweigh the downside of it being perceived as unfair.

The Bitcoin Foundation and Bitcoin Grant are attempts at solving this problem for Bitcoin, but it's a) too little too late and b) there is no profit motive. This is fine if you just want to pay some developers to keep tinkering, but it's not the kind of war chest you need to actually take over world finance. OpenCoin will need to spend billions of dollars if it is to succeed. And if it does succeed it'll succeed not only for its own sake, but it'll wedge the door open for Bitcoin and any other crypto-currency.

When the ripple webclient becomes more stable, you should consider turning it into a bookmarklet

On it, see here: [https://ripple.com/wiki/User:\[REDACTED\]Secure_Bookmarklet](https://ripple.com/wiki/User:[REDACTED]Secure_Bookmarklet)

It was great talking to you, and hopefully see you around at other bitcoin/cryptocurrency conferences.

Great talking to you too!

Cheers,

[REDACTED]

On 5/22/2013 2:15 AM, [REDACTED] wrote:

Hi [REDACTED]

We met on Friday talking about Ripple (I'm the tall lanky asian guy that was concerned with counterparty risk during trades because I didn't realize XRP was used as an intermediary). I found your explanation and answers regarding Ripple insightful and interesting.

I'm certainly interested in learning more about ripple and its implications for the financial markets.

One concern that I still have is that all transactions are based on consensus on a current hash tree. I had said that a fork on an accepted consensus hash seemed possible and it was said that a fork on bitcoin would be similarly easy. My concern is that bitcoin does not have a market incentive to fork the blockchain and blacklist transactions (not to mention any fork risks a substantially lower hashing power and exposure to 51% attacks). There is an explicit market incentive in Ripple for activists to invalidate the XRP that is owned by OpenCoin. IMO, the only way to possibly counter this kind of fork is to hide the XRP owned by

OpenCoin and masquerade ownership to look like recipients of XRP giveaway/sales. I haven't explored your transactions/ownerships, so I don't know if OpenCoin is doing that, but it seems like the prudent thing to do from a self-preservation standpoint.

When the ripple webclient becomes more stable, you should consider turning it into a bookmarklet using the "Data URI Scheme". I mentioned to you doing something similar on IRC (or was it a bitcointalk message?) for bitcoinjs. As long as it was password protected and alerted the users to update with new versions, it seems like it would allay concerns with MITM attacks at hotspots. I assume nearly everyone currently just uses the ripple.com wallet.

I'll be sure to look into ripple some more and at the minimum build a trading engine to do some liquidity providing trades at XRP/USD bitstamp pair. I don't think I need a copy of the ripple daemon, as I don't want the responsibility and still am spending more time on the market mechanics and protocol of bitcoin at the moment (however I may be using parts of bitcoinjs in a future project). Either way, the growth in ripple as of late is certainly interesting and looks well-managed.

It was great talking to you, and hopefully see you around at other bitcoin/cryptocurrency conferences. Best regards,

-- [REDACTED]